

## Message Text

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ACTION NEA-11

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05 L-03  
NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07 SP-02  
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/146 W

-----008514 181532Z /45

R 170834Z MAY 78  
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TO SECSTATE WASHDC 6190  
INFO USDOC WASHDC  
AMEMBASSY ATHENS  
AMEMBASSY BONN  
AMEMBASSY NEW DELHI  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY STOCKHOLM  
AMEMBASSY TEHRAN

C O N F I D E N T I A L BAGHDAD 1037

ATHENS FOR RTDO

E.O. 11652: GDS  
TAGS: ENRG, IZ  
SUBJECT: IRAQI NUCLEAR POWER PLANT

1. IRAQI GOVERNMENT HAS RECENTLY CONTACTED FRENCH, ITALIAN, GERMAN AND SWEDISH FIRMS CONCERNING TURNKEY DESIGN AND CONSTRUCTION OF IRAQ'S FIRST NUCLEAR POWER PLANT. ACCORDING TO THE ITALIAN AMBASSADOR, FRENCH COMPANIES WERE PRESUMED TO HAVE HAD THE INSIDE TRACK BECAUSE OF THE 1977 FRENCH-IRAQI AGREEMENT ON NUCLEAR COOPERATION; HOWEVER, FOR REASONS NOT KNOWN TO HIM, GOI HAS BEEN DISSATISFIED WITH THE FRENCH AND SEVERAL WEEKS AGO CONTACTED FIRMS FROM OTHER COUNTRIES.

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2. GERMAN AMBASSADOR CONFIRMED THAT THE IRAQIS HAD CONTACTED A GERMAN COMPANY. HE SAID THAT THE FIRM IS IN A GOOD POSITION TO PROVIDE THE SMALL SIZE POWER PLANT (500-600 MEGAWATTS) THAT THE GOI WANTS BECAUSE IT HAD ONE "ON THE SHELF". HOWEVER, GIVEN THE GENERAL IRAQI FREEZE ON AWARDING MAJOR PROJECTS TO GERMAN COMPANIES,

HE DISCOUNTED THE FIRM'S CHANCES, REMARKING THAT THE PROJECT WOULD STILL BE "TOO GERMAN" FOR THE IRAQIS EVEN IF THE FIRM'S PRICE WERE 10 PERCENT LOWER THAN THAT OF ITS NEAREST COMPETITOR.

3. SWEDISH EMBASSY SOURCE ACKNOWLEDGED THAT IRAQIS HAD INVITED A SWEDISH COMPANY TO SUBMIT A BID DUE SOMETIME IN THE FALL, BUT ADMITTED THAT THE SWEDISH GOVERNMENT MAY HAVE PROBLEMS LICENSING THE EXPORT OF THE TECHNOLOGY. HE ALSO SAID THAT THE ITALIAN AND FRENCH COMPANIES ARE ATTEMPTING TO CONVINCE THE IRAQIS TO BUILD A 900-1200 MEGAWATTS POWER PLANT ON THE GROUNDS THAT SMALLER SIZES ARE NOT ECONOMICAL.

4. INDIAN AMBASSADOR DENIES REPORTS THAT INDIAN COMPANIES HAVE ALSO BEEN INVITED TO BID.

5. COMMENT. GOI APPARENTLY FACES A DILEMMA IN REGARD TO BUILDING A NUCLEAR POWER PLANT. ON THE ONE HAND, THE SMALL PLANT WHICH THE GOI IS NOW CONSIDERING IS UNECONOMICAL BUT COULD REASONABLY BE INTEGRATED INTO THE IRAQI POWER GRID ANTICIPATED TO HAVE 4,000 MEGAWATTS GENERATING CAPACITY BY 1980. ON THE OTHER HAND, A LARGER, MORE ECONOMICAL PLANT MEANS THAT THE IRAQIS WOULD LIKELY NOT HAVE SUFFICIENT BACK-UP GENERATING CAPACITY TO CARRY THE NUCLEAR POWER PLANT'S LOAD DURING

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PERIODIC SHUT DOWNS FOR MAINTENANCE.

6. GIVEN THESE FACTORS AS WELL AS THE HIGH COST (ONE BILLION DOLLARS OR MORE) OF THE PROJECT AND THE READY AVAILABILITY OF ALTERNATIVE ENERGY SOURCES FOR GENERATING ELECTRICITY, THE GOI COULD DECIDE ON PURELY ECONOMIC GROUNDS TO DELAY THE PROJECT UNTIL THE IRAQI GRID IS LARGE ENOUGH TO EASILY ABSORB A NUCLEAR POWER PLANT OF ECONOMICAL SIZE. AT PROJECTED GROWTH RATES OF ELECTRICAL ENERGY GENERATION AND DAGE, THE GOI SHOULD LOGICALLY AWARD THE PROJECT SOMETIME DURING THE 1981-85 FIVE-YEAR DEVELOPMENT PLAN SO THAT IT COULD COME ON LINE DURING THE EARLY 1990S. NONETHELESS, THE GOI COULD DECIDE TO GO AHEAD WITH THE PROJECT EARLIER BECAUSE OF OTHER FACTORS: PRESTIGE, TECHNICAL BENEFITS, AND THE FACT THAT THEIR IRANIAN NEIGHBORS ALREADY HAVE NUCLEAR POWER GENERATING CAPABILITY.

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## Message Attributes

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**TAGS:** ENRG, IZ  
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